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Transportation Group

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Weekly Intelligence Summary No. 3

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1. Some relief of the critical European rail transport situation through solution of the freight-car exchange problem may now be expected. If the ultimate purpose of the European Recovery Program - in the light of continued US insistence and expressed Congressional sentiment that all new railroad rolling stock under the European aid program go to Germany unless nations with substantial numbers of German freight cars agree to return them to the German park, will probably force France, which holds some 80,000 cars, to come to an agreement. This will probably involve a car-for-car exchange of French cars in Germany and German cars in France, with provision that the remaining 30 or 40 thousand German cars in France be returned subsequently to Germany as replacements become available under the European Recovery Program.

2. Recent rumors of a Soviet embargo on US ports are not corroborated by vessel activities. The absence of Soviet ships in west coast ports is probably due as much to US reluctance to do business with the USSR as any Soviet decision to halt such trade.

3. Incorporation of practically all major US proposals in the International Maritime Agreement signed at Genova 6 March constitutes a victory for US views in international maritime affairs.

CIVIL AVIATION

1. Bilateral air discussions initiated with Finland by the US have been interrupted by the Soviet call for a closer Finnish alliance. Until future Soviet-Finnish relations have been clarified, the US will not press for conclusion of a formal bilateral agreement with Finland, but will seek an extension for an indefinite period of interim commercial aviation operating rights into Helsinki, which are due to expire 15 March.

2. Alleged inability of Chinese civil air transport, in view of other more pressing commitments, to supply the besieged city of Mukden with rice has led Chinese military authorities to solicit the help of US airlines. The US State Department, however, concerned for the safety of US pilots, has declined to recommend such action to the US commercial airlines operating in China. On the other hand, the US pilots who predominantly staff Chinese airlines have frequently participated in commercial airline operations supporting the nationalist military effort.

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